



**FCC Investigation of Tariff 11; CC Docket No. 95-182**  
**Alascom Request to Abandon Service Commitments; CC Docket No. 00-46**

***Background***

- AT&T and Alascom want regulatory relief without being accountable for Tariff 11 service commitments and obligations.
- AT&T committed in the Non-Dom proceeding to “comply with all the obligations and conditions set forth in the Alascom Authorization Order, the Market Structure Order, and the Final Recommended Decision”. AT&T specifically committed that:

Alascom must provide interexchange common carrier services under tariff offered on a nondiscriminatory basis at rates that reflect the cost of service. . . . Alascom’s tariff would have separate rate schedules for locations subject to facilities competition (non-Bush) and for locations where Alascom has a facilities monopoly (Bush).

Alascom is governed by dominant carrier rules where it has a facilities monopoly, namely the Bush areas.

Alascom must build facilities in Bush areas to allow provision of service to communities of 25 or more.

*Motion of AT&T Corp. to be Reclassified as a Non-Dominant Carrier, Order, 11 FCC Rcd 3271, 3334 n.329 (1995) (internal citations to Final Recommended Decision omitted).*

- Non-discriminatory, cost-based rates for the Common Carrier Services continue to be required to meet the guiding objectives of the Alaska Market Structure: preserve universal service; continue rate integration; maintain revenue requirement neutrality; allow market-based competitive entry; and encourage increased efficiency.

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**AT&T and Alascom Fail to Show any “Fundamental Changes Since 1995” in the Common Carrier Services Market**

- AT&T must not be allowed to abrogate its non-dom commitment without demonstrating that relevant factors have changed since it made that commitment. AT&T’s so-called

“fundamental changes since 1995” fail this test. (*See Ex parte filing of AT&T and Alascom, CC Docket Nos. 95-182 and 00-46, dated May 20, 2004*).

- AT&T’s claim that AT&T and Alascom were declared nondominant carriers in 1995 is unpersuasive. *This is the very proceeding in which AT&T committed to continuing common carrier service obligations, and Alascom retained its dominant carrier classification for these services.*
- AT&T’s cites the codification of rate integration requirement under Section 254(g) in 1996. *This provision simply inserted in to the Act FCC policies that had been in place since the 1970s and further refined for Alaska in 1987. This is not a “fundamental change.”*
- The addition of new interexchange competitors for retail services *does not address AT&T and Alascom’s ongoing ability to discriminate in the provision of common carrier services, including over 150 monopoly Bush locations.*
- AT&T and Alascom cite “massive new investments in telecommunications facilities by Alascom’s competitors.” *None of this “massive” investment is attributable to the 150-plus non-competitive locations where, in the absence of non-discriminatory, cost-based rates, could subsidize services in competitive locations.*
- Repeal of the Bush policy in August 2003 *did not immediately or automatically change Alascom’s position as the sole provider of facilities in over 150 bush locations. Unlike most locations in the lower-48, initiation of service to these monopoly locations requires at a minimum the acquisition of adequate satellite transponder capacity and engineering, licensing, and installation of earth stations—all within a significantly shortened construction season over a geographic land area exceeding 570,000 square miles, and a population of 1.1 persons per square mile. Any carriers undertaking of such a process is no easy or brief task. As a result, premature elimination of the tariff requirement places Alascom in a position to solidify and expand its de facto monopoly, through discrimination and cross-subsidization between non-competitive and competitive areas.*
- The general claim that “telecommunications competition in Alaska has increased since Alascom filed its Petition in 2000” *does not demonstrate an increase in competition for the Common Carrier Services at issue.*
- AT&T and Alascom have never explained why its concerns about “undue burdens” are not addressed by GCI’s suggestion in 2000 that, following a full tariff investigation and rate initialization, Common Carrier Services might be offered under a price cap methodology.

## **AT&T and Alascom's Latest Attempt to Obfuscate the Tariff 11 Investigation**

- First, Alascom withheld its annual tariff filing for 2002, admitted that its cost allocation process did not function properly, admitted that it had stopped collecting demand data, and admitted its cost data and allocation factors were stale.
- Second, Alascom made unsubstantiated claims of confidentiality of data and refused to cooperate under a standard protective order, thwarting staff review of its demand for waiver of the tariff filing.
- Third, Alascom claimed that no tariff investigation was necessary because its cost allocation plan had been reviewed by the FCC. This flies in the face of express FCC findings to the contrary, that *"Alascom's tariff and the related projected costs and demand figures are the subject of an investigation and questions relating to them will be resolved there."*
- Now, Alascom repeats its bizarre claim that GCI is not a customer of Tariff 11 and has made a "quagmire" of the tariff process. The need for an investigation as a necessary condition of considering other AT&T and Alascom requests for relief is evident given Alascom's admitted tariff and rate deficiencies, its stonewalling on data, and its utter lack of any substantive support for its requests to be relieved of service and tariff commitments and obligations. As the attached Tariff 11 payment from GCI to Alascom and bill excerpt (with accompanying description) demonstrate, this is a spurious claim, raising the question of why AT&T and Alascom are so desperate to avoid the Tariff 11 investigation.

## **The Effect of the Requested Relief on the Alaska Jurisdictional Cost Allocation Must Be Assessed**

- Under the *Market Structure Order*, Alascom applies an 86% allocator for interstate circuit equipment costs. As a result, total abandonment of the *Market Structure* requirements can be expected to affect cost allocations between jurisdictions. The effects of changes in cost allocations must be assessed.